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Classified By: Ambassador William J. Burns. Reason: 1.4 (d).

No Third Term

- 11. (C) Although rumors swirl after each major public appearance, even diehard skeptics now agree that President Putin will leave office when his second term expires in May 12008. With each passing month the conspiracy theories, which most recently crested in the wake of the Litvinenko assassination, have seemed less credible, and Putin's own insistence on the need to respect the larger letter of the Russian constitution more believable. That the President's departure has become an established fact was in evidence at his marathon annual press conference February 1, where journalists probed the succession process and queried Putin about his plans after office, but did not entertain the idea that he would stay beyond 2008.
- 12. (C) Skepticism about Putin's intentions has long been fed by the opaque nature of the succession process and the lack of historical precedent. Should the status quo hold, Putin will be the first relatively young, healthy, and popular leader in Russian history to voluntarily depart office. Instead of engendering pride that Russia is becoming "a normal country," that prospect is creating anxiety among many who associate the end of the Putin era with the end of stability. The lack of credible institutions abet that tendency. Putin's intention to wait until after the December Duma elections before tipping his hand on a successor ensures that uncertainty will only grow as the year progresses.

After Putin

- 13. (C) In the year plus remaining to him, Putin must prepare the way for his heir apparent and carve out a niche for himself. That first undertaking is to all appearances well under way, with a creeping consensus here that Presidential Administration First Deputy Dmitriy Medvedev is on a glide path to the presidency. Unrelenting media exposure, his own public relations team, control of the high-profile National Projects and, with the new year, opportunities to stump for Russia in places like Davos, have given Medvedev the pole position in a race that includes Minister of Defense Sergey Ivanov as his chief rival. Ivanov has not conceded the contest, however, and unlike Putin's departure, a Medvedev presidency is not a foregone conclusion.
- 14. (C) Imagining a life after the presidency may be harder than stage-managing the succession. In May 2008, Putin will leave the Kremlin and enter uncharted territory. Boris Yeltsin, was ill, aged, and unpopular when he left office.

Efforts to envision Putin as head of a state-controlled conglomerate or of one of the Kremlin-fostered political parties run aground on the belief that no Russian president, in a "winner take all" system, would willingly recede into the background. As many here have noted Russia, unlike China, makes no provision for an elder statesman who can exercise influence at a respectable distance.

Putin in the Year Remaining

- 15. (C) Putin shows all intentions of remaining in the fray until his 2008 departure date. He will postpone anointing a successor in order to stave off the inevitable, "lame duck" status. At his annual press conference, Putin bristled at questions about his post-presidency plans, noting that he has more than one year in office. And the winding down of his term has seen a flurry of legislative initiatives on long-lingering tasks —the civil code, strategic sector investment, the subsoil law, and even tax reform— as he pushes to clear his desk before leaving office. Last fall, Putin listed corruption and the demographic crisis as problems for his successor; making it plain that he planned no major new initiatives on those fronts.
- 16. (C) Hydrocarbon-slaked self-confidence probably makes Putin's Russia in the final year of his term more immune than usual to efforts to change its behavior. On the other hand Putin, with an eye on his legacy no doubt, has seemed more ready to listen to worries about the climate for NGOs and to smooth feathers ruffled by Russia's ham-handed behavior abroad in 2006. His insistence on the economic component as the key constituent of any bilateral relationship allowed him to assert --in some cases credibly, in others less so-- that

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there was "nothing personal" in recent bilateral disputes. Still, the Kremlin is not a monolith, and as the clock ticks down the struggle over succession could heat up, leaving the Vladimir Vladimirovich too preoccupied with protecting his flanks to worry much about how the Putin era will go down in history. BURNS